

Message Text

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PAGE 01 EC BRU 01491 01 OF 02 131321Z

44

ACTION EUR-12

INFO OCT-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01

TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 EURE-00

SAM-01 HEW-02 /095 W

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P 131239Z FEB 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 515

INFO ALL EC CAPITALS 1677

AMEMBASSY LISBON PRIORITY

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 01491

E.O. 11652: N/A

TAGS: ETRD, PFOR, EEC, PO

SUBJECT: EC/PORTUGAL: TRADE NEGOTIATIONS OPEN FEBRUARY 13.

REF: A) EC BRUSSELS 620, B) 75 EC BRUSSELS 11429,
C) 75 EC BRUSSELS 11179, D) 75 EC BRUSSELS 9143

1. SUMMARY: THE EC AND PORTUGAL HAVE OPENED NEGOTIATIONS TO IMPROVE AND EXTEND THEIR 1973 TRADE AGREEMENT. THE EC WILL PRESENT ITS OFFER TO THE PORTUGUESE TODAY, FEB. 13. THE PROPOSAL CONTAINS EXPANDED PREFERENTIAL ACCESS FOR TEXTILES, CLOTHING, PAPER PRODUCTS (INCLUDING KRAFTLINER), WINES AND CERTAIN AGRICULTURAL PRODUCTS. THE EC'S OFFER ALSO COVERS INDUSTRIAL AND TECHNOLOGICAL COOPERATION, SOCIAL SECURITY AND MANPOWER POLICY AND FINANCIAL COOPERATION, THOUGH THE AMOUNT AND FORM OF THE LATTER IS NOT YET SPECIFIED. END SUMMARY.

2. NEGOTIATIONS BETWEEN THE EC AND PORTUGAL OPENED ON
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PAGE 02 EC BRU 01491 01 OF 02 131321Z

FRIDAY, FEBRUARY 13, WITH A VIEW TO EXTENDING AND

IMPROVING THE EXISTING EFTA FREE TRADE AGREEMENT THAT CAME INTO FORCE IN JANUARY 1973. ADDRESSEES WILL RECALL THAT THESE NEGOTIATIONS WERE AGREED TO AS PART OF THE EC'S EFFORT TO ASSIST PORTUGAL AND THAT THE MANDATE FOR THE NEGOTIATIONS WAS APPROVED AT THE JANUARY 19-20 COUNCIL (SEE REFTELS). THERE FOLLOWS A DETAILED SUMMARY OF THE EC MANDATE, TEXTS OF WHICH HAVE BEEN POUCHED TO EUR/RPE: CASEY AND AMEMBASSY LISBON.

3. INDUSTRIAL PRODUCTS: THE EC WILL PROPOSE IMPROVING ACCESS TO THE COMMUNITY FOR PORTUGUESE TEXTILES AND CLOTHING (CXT HEADINGS 55.05, 56.07, 59.04, 60.04, 60.05, 61.01, 61.02, 61.03, AND 61.04). THE EC PROPOSES TO INCREASE THE TARIFF QUOTAS FOR 1976 BY 10 PERCENT OVER THE 1975 LEVELS ON THE CONDITION THAT PORTUGAL ACCEPT VOLUNTARY RESTRAINTS ON SHIPMENTS OF THESE TEXTILES TO THE UK, WHICH IS EXPERIENCING PARTICULAR DIFFICULTY. IN ADDITION TO TEXTILES, THE INDUSTRIAL PRODUCTS CHAPTER OF THE EC'S OFFER ALSO PROVIDES A) THAT CERTAIN PORTUGUESE IMPORTS COVERED BY PROTOCOL ONE OF THE 1973 AGREEMENT BE TRANSFERRED FROM LIST A (ZERO DUTY BY 1980) TO LIST B (ZERO DUTY BY 1985), AND B) THAT, CONCERNING THE INFANT INDUSTRIES CLAUSE (ARTICLE 6 OF PROTOCOL ONE), THE JOINT COMMITTEE MAY, AT THE REQUEST OF PORTUGAL, PERMIT THE MAINTENANCE OR REINTRODUCTION OF TARIFFS ON TRADE IN EXCESS OF THE CURRENT LIMIT. I.E. UNDER THE 1973 AGREEMENT TARIFFS MAY BE REINTRODUCED ON UP TO 10 PERCENT OF THE TOTAL VALUE OF 1970 PORTUGUESE IMPORTS FROM THE EC.)

4. PAPER PRODUCTS: THE EC OFFER PROVIDES FOR EXPANSION OF THE ZERO-DUTY QUOTAS OF DENMARK AND THE UK TO 3,000 AND 15,000 METRIC TONS RESPECTIVELY (CXT CHAPTERS 48 AND 49 EXCEPT 48.09). THE EC PROPOSAL ALSO PROVIDES FOR THE OPENING OF ZERO-DUTY TARIFF QUOTAS BY THE OTHER MEMBER STATES IN FAVOR OF PORTUGUESE EXPORTS OF KRAFTLINE PRODUCTS (CXT 48.01 CII) SET AT 42,000 METRIC TONS FOR 1976 AND OTHER PRODUCTS UNDER CXT CHAPTER 48 SET AT 1,500 METRIC TONS LIMITED OFFICIAL USE

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PAGE 03 EC BRU 01491 01 OF 02 131321Z

FOR 1976. MEMBER STATE SHARES OF THESE QUOTAS WOULD BE AS FOLLOWS: FRG, 41 PERCENT; FRANCE, 21 PERCENT; BENELUX, 27 PERCENT; ITALY, 9 PERCENT, AND IRELAND, 2 PERCENT. ALL OF THESE ZERO-DUTY QUOTAS WILL BE INCREASED 5 PERCENT ANNUALLY FROM JANUARY 1, 1977. (CURRENT TREATMENT OF CXT CHAPTERS 48 AND 49 EXCEPT 48.09 UNDER THE EXISTING AGREEMENT PROVIDES FOR A) STAGED TARIFF REDUCTIONS CULMINATING IN ZERO

DUTY ON JANUARY 1, 1984 FOR PORTUGUESE EXPORTS TO THE EC OF NINE, AND B) ZERO-DUTY TARIFF QUOTAS FOR DENMARK AND THE UK BASED ON "AVERAGE IMPORTS FROM 1968-1971 RAISED CUMULATIVELY BY FOUR INCREASES OF 5 PERCENT." AFTER JANUARY 1, 1975 THESE QUOTAS ARE RAISED BY 5 PERCENT ANNUALLY.)

5. AGRICULTURAL PRODUCTS: THE EC WILL INCREASE THE TARIFF QUOTA FOR BOTTLED PORT FROM 20,000 HECTOLITRES TO 25,000 HECTOLITRES. THE QUOTA ON PORT IN BULK WILL REMAIN AT 285,000 HECTOLITRES. FOR BOTTLED MADEIRA WINES THE EC WILL OPEN A TARIFF QUOTA OF 1,500 HECTOLITRES WITH A 60 PERCENT TARIFF REDUCTION; MADEIRA IN BULK WILL BENEFIT FROM THE OPENING OF A TARIFF QUOTA OF 14,500 HECTOLITRES WITH A 50 PERCENT TARIFF REDUCTION. FOR MOSCATEL DE SETUBAL WINES THE QUOTA WILL BE 1,000 HECTOLITRES FOR BOTTLED, WITH A REDUCTION OF 60 PERCENT, AND 2,000 HECTOLITRES FOR BULK WITH A REDUCTION OF 50 PERCENT. PORTUGUESE WINE IMPORTS UNDER THESE ARRANGEMENTS MUST MEET THE EC'S REFERENCE PRICE LEVELS.

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PAGE 01 EC BRU 01491 02 OF 02 131325Z

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LIMITED OFFICIAL USE SECTION 2 OF 2 EC BRUSSELS 01491

6. DUTY FREE ACCESS TO THE EC IS PROVIDED FOR CAVIAR (CXT 16.04A), SALMONIDES (16.04B), CANNED HERRINGS (16.04C), CRABS (16.05A) AND SHRIMPS AND OTHER CRUSTACEANS (16.05B). A TARIFF REDUCTION OF 50 PERCENT IS OFFERED BY BONITOS AND MACKEREL. PREPARED OR PRESERVED CUCUMBERS AND PIMENTOS (20.01 EXB) RECEIVE A 50 PERCENT DUTY REDUCTION. THERE IS A 30 PERCENT CUT FOR PREPARED OR PRESERVED CAULIFLOWER (20.01 EXB).

7. INDUSTRIAL AND TECHNOLOGICAL COOPERATION: UNDER THE EVOLUTIVE CLAUSE OF THE EXISTING AGREEMENT (ARTICLE 35), THE EC PROPOSES AND EXCHANGE OF LETTERS CONCERNING POSSIBLE AREAS OF INDUSTRIAL AND TECHNOLOGICAL COOPERATION. NO AREAS WOULD BE EXCLUDED FROM EXAMINATION NOR WOULD THIS PROPOSAL INTERFERE IN ANY WAY WITH MEMBER STATES BILATERAL COOPERATION ACTIVITIES. EXAMPLES OF SUCH EC/PORTUGUESE COOPERATION CITED IN THE MANDATE ARE MUTUAL ECONOMIC AND LIMITED OFFICIAL USE

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PAGE 02 EC BRU 01491 02 OF 02 131325Z

FINANCIAL INFORMATION EXCHANGE, DEVELOPMENT OF INFRASTRUCTURES, MARKETING OF PORTUGUESE EXPORTS, COOPERATION BETWEEN PORTUGUESE AND EC INDUSTRIES, AND ACCESS FOR PORTUGAL TO EC TECHNOLOGY.

8. FINANCIAL COOPERATION: THE MANDATE IS BRIEF ON THIS ASPECT, SIMPLY NOTING THE EC'S INTENTION TO PROVIDE A FINANCIAL PROTOCOL SUPPLEMENTING ITS PREVIOUS EMERGENCY ASSISTANCE. THE AMOUNT, FORM AND MODALITIES OF THIS FINANCIAL AID ARE TO BE SPECIFIED IN THE COURSE OF THE NEGOTIATIONS.

9. SOCIAL SECURITY AND MANPOWER: THE EC OFFERS TO APPLY NONDISCRIMINATORY TREATMENT TO PORTUGUESE WORKERS, TO PROVIDE FAMILY ALLOWANCES TO MEMBERS OF THEIR FAMILIES LIVING WITH THEN, AND TO GUARANTEE THE FREE TRANSFER TO PORTUGAL OF THESE ALLOWANCES AND PENSIONS. IN ADDITION, THE EC ACCEPTS THE PRINCIPLE OF AGGREGATION OF PERIODS OF EMPLOYMENT AND INSURANCE RESULTING FROM EMPLOYMENT IN DIFFERENT MEMBER STATES. MORRIS

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